

STATE OF COLORADO



REAL ESTATE MANUAL

DEPARTMENT OF REGULATORY AGENCIES

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PREFACE

The Colorado Real Estate Commission and the Colorado Board of Real Estate Appraisers, with assistance from the Division of Real Estate, have prepared this manual. The Commission and Board gratefully acknowledge the help of the many who have contributed, without compensation, their knowledge and experience.

We hope this manual will be helpful to the new applicant for licensure and also a benefit to the practicing real estate broker, appraisal, and mortgage professional as a ready reference.

The information contained in this manual is fundamental to a sound introduction to the real estate industry. It is not intended as an all-inclusive real estate text; nor should it be relied upon as a source of legal advice. Many colleges and universities offer four-year programs leading to a degree in real estate and related fields. Many classes and courses of instruction are available throughout the State of Colorado for those who desire to increase their educational and professional competency. There are also many books and pamphlets written on the subject of real estate. In addition, to better protect the public interest, the employing broker or supervising appraiser should spend considerable time instructing employed licensees on the application of license law and proper business procedure.

Suggestions, corrections and criticisms for and of this publication are solicited and will receive careful consideration.

Disclaimer: The portions of the Colorado Revised Statutes, reprinted in this Manual with permission of the Committee on Legal Services in accordance with section 2-5-118, C.R.S., are unofficial publications of the Colorado Revised Statutes. They are included as: a reference for real estate practitioners, an aid to those preparing for licensure, and others with an interest in a digest of real estate related laws and information. The Real Estate Commission, Board of Real Estate Appraisers, and Division of Real Estate make every effort to maintain accurate information; however the State makes no warranties whatsoever in relation to the contents of this manual, and users rely upon the information contained herein at their own risk. Official statutes are maintained on the Colorado General Assembly website at: <http://www.leg.state.co.us/>

Official rules of the Real Estate Commission, Board of Real Estate Appraisers, and Mortgage Broker Program are compiled and published by the Secretary of State in the Code of Colorado Regulations at: <http://www.sos.state.co.us/CCR/Welcome.do>

The most current version of this Manual and other information is available on the Colorado Division of Real Estate website at: <http://www.dora.state.co.us/real-estate>

REAL ESTATE BROKER EXAMINATIONS

Applicants for licensing under the Colorado real estate broker license law are required to take an examination for the purpose of maintaining the educational standards and professional competency of the real estate industry and in order to protect the public interest in real estate transactions. The law imposes upon the real estate commission the responsibility of regulating and controlling the issuance, revocation or suspension of licenses. This authority includes the investigation of complaints against licensees for fraud, misrepresentation, secret profits, commingling of deposit funds, false advertising, failure to maintain proper trust accounts and other causes.

The real estate broker examination has been prepared to determine whether the applicant is well grounded in the fundamentals of real estate principles and practices and is a measure of a candidate's knowledge and qualification for minimum competency.

The examination is in two parts. The general portion covers real estate practice common to most states. The state portion of the examination is devoted to real estate practice in Colorado.

Although examinations are based primarily on material covered by the Colorado real estate manual, the applicant is expected to be informed as to the usual and current activities and practices in the real estate field. The statutory educational and experience requirements for broker applicants are listed in this manual. Examinations are given by a testing service designated by the real estate commission.

Passing the examination is only the first step in pursuing a successful career in real estate. The employing broker should continually instruct the licensees operating under his or her brokerage in proper and ethical business procedures.

REAL ESTATE APPRAISAL EXAMINATIONS

Applicants for all levels of real estate appraiser licensing must successfully complete an appropriate examination administered by the testing contractor designated by the board of real estate appraisers. Examinations test for understanding and ability to apply real estate fundamentals, appraisal principles, appraisal procedures and standards of appraisal practice.

At the registered and licensed appraiser levels, applicants must successfully complete the licensed appraiser (Level A) examination. Certified residential appraiser applicants must pass the certified residential appraiser (Level B) examination. The certified general appraiser (Level C) examination is required to apply for certified general appraiser. A passing score on an appropriate examination will be accepted for one year from the date of testing.

Colorado has open examinations. Anyone may take any level of examination at any time, without pre-qualification as to education or experience. Colorado examinations are open to residents of other states. Check to see if the other state will accept the Colorado examination.

Successful completion of the examination is only one step in the process of qualifying for licensing. Applicants must also demonstrate successful completion of the education required by Colorado statute and board rules. At the licensed and certified levels applicants must also document completion of real estate appraisal experience requirements.

MORTGAGE BROKER EXAMINATIONS

Applicants for mortgage broker licensing must successfully complete 40 hours of pre-licensing education, and pass a two part licensing examination. The course of study for mortgage broker candidates consists of State and Federal Law, which includes current and relevant state and federal statutes, regulations, and forms as they pertain to the mortgage broker industry, and Mortgage 101. Mortgage 101 provides a course of study for mortgage broker candidates that identifies the necessary components and overall anatomy of a mortgage loan transaction. The Business and Trade Practices component of the course provides candidates with the real world application of laws, rules, and standards of practice.

All mortgage brokers who currently maintain a Colorado mortgage broker's license must complete 40 hours of licensing education and pass a two-part licensing examination by January 1, 2009.

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